APPENDIX

Section 348 of the Agricultural Adjustment Act of 1938 provides in part:

> Any farmer who, while farm marketing quotas are in effect, markets cotton in excess of the farm marketing quota for the marketing year for the farm on which such cotton was produced, shall be subject to the following penalties with respect to the excess so marketed: 2 cents per pound if marketed during the first marketing year when farm marketing quotas are in effect; and 3 cents per pound if marketed during any subsequent year * * *. (52 Stat. 59, 7 U. S. C. 1348.)

The Joint Resolution of Congress of May 26, 1941, by paragraph (9), amended the above provision as follows:

> The marketing penalty for cotton and rice produced in the calendar year in which any marketing year begins (if beginning with or after the 1941–1942 marketing year) shall be at a rate equal to 50 per centum of the basic rate of the loan for cooperators for such marketing year under section 302 of the Act and this resolution (55 Stat. 205, 7 U. S. C., Supp. III, 1340.)

The Secretary of Agriculture, pursuant to paragraph (9) above, issued the following regulation establishing the penalty for the 1941–1942 marketing year at 7 cents per pound:

> SECTION 722.342. The rate of penalty for the 1941–1942 marketing year shall be 7

> cents per pound. Any producer who markets cotton in excess of the farm marketing quota for the 1941–1942 marketing year, or in excess of his share of such quota, as the case may be, shall be subject to a penalty of 7 cents per pound with respect to the excess so marketed whether the excess is cotton produced during the said marketing year or in any prior marketing year. All cotton which is not identified, as provided in Sections 722.311–722.360 at the time of marketing, as free of marketing penalties or which is marketed without the use of the means of identification prescribed by Sections 722.311–722.360 shall be taken to be in excess of the farm marketing quota, and the amount of the penalty to be collected thereon by the buyer or transferee shall be 7 cents per pound. * * *. (Code of Federal Regulations, Title 7, 1941 Supp., p. 800.)

With regard to the collection and payment of penalties, Section 372 of the Act provides in part:

> (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.
>
> (b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States. (52 Stat. 65, 7 U. S. C. 1372 (a), (b).)

With respect to the collection and payment of penalties by the buyer of the cotton, the regulations of the Secretary provide:

> SECTION 722.343 (b). The penalty in connection with the marketing of cotton by sale to any person within the United States shall be collected by the buyer at the time of sale. * * * The penalty, if any, due upon cotton marketed in processed form within the meaning of paragraph (a) of this section shall be paid by the producer or, if the producer and the buyer or transferee agree, the buyer or transferee of the article of trade into which the cotton was converted may collect and remit the penalty.
>
> SECTION 722.343 (d). The penalty may be collected by the buyer by receiving the amount thereof from the producer or by deducting from the purchase price of the cotton the amount of the penalty due with respect to the marketing thereof. The penalty may be collected by the transferee by receiving the amount thereof from the producer. (Code of Federal Regulations, Title 7, 1941 Supp., p. 801.)

Section 376 of the Act (52 Stat. 66, 7 U. S. C. 1376) vests in the several district courts of the United States jurisdiction to enforce the provisions of Title III of the Act, of which the cotton marketing penalty is a part.

U. S. GOVERNMENT PRINTING OFFICE: 1942